

*ST CATHERINE'S COLLEGE*

FINANCIAL STATEMENTS

YEAR ENDED 31 JULY 2006

**The accounts' index (if any), Responsibilities of the Governing Body, Statement of Principal Accounting Policies and Independent Auditors' Report have been omitted from this 150 dpi Akme scan.**

**ST CATHERINE'S COLLEGE**  
**Report of the Governing Body**

The Governing Body of St Catherine's College presents the annual report and financial statements for the year ended 31 July 2006.

**Status**

St Catherine's College is an eleemosynary chartered charitable corporation aggregate. It was founded under a Royal Charter of Queen Elizabeth II, dated 1963. The corporation comprises the Master and Fellows. The College is an exempt charity under s3(5a) Charities Act 1993 (as listed in Schedule 2(b) to that Act).

**Objects**

The College exists to provide a College in the University of Oxford where men and women can work for degrees in the University and also to advance learning, education and research in the arts and sciences. The College also has various permanently endowed trust funds held for special purposes in connection with the development of College facilities and for scholarships, bursaries, prizes and other educational purposes.

**Governance**

The Governing Body of the College comprises the Master and certain of the Fellows. This body is constituted and regulated in accordance with the College Statutes, the terms of which are enforceable ultimately by the Visitor, HRH Prince Philip. The College Statutes are as made from time to time and approved by Order of Her Majesty in Council under the Universities of Oxford and Cambridge Act 1923. The Governing Body is responsible for the strategic direction of the College, its administration and the management of its finances and assets. It meets regularly under the chairmanship of the Master and is advised by a range of committees which include the Finance Committee and its Investment Subcommittee.

**Scope of financial statements**

The financial statements consolidate the accounts of St Catherine's College and its subsidiary undertakings, St Catherine's College Management Ltd and St Catherine's College Development Ltd. St Catherine's College Management Ltd is the wholly-owned vehicle for trading activities of St Catherine's College, and St Catherine's College Development Ltd is a wholly-owned vehicle for providing development, design and construction services to the College.

**Review of operations and finance**

The accounts are presented in the format prescribed by Statute XV of the University in conformity with UK GAAP and the Higher Education Statement of Recommended Practice. Overall operating income and expenditure for the year were substantially as budgeted adjusted for the late addition of £300k of annual maintenance expenditure brought forward for reasons of practical expediency. The year saw continued investment in the fabric of the building including completion of refurbishment to part of the administration block, the resurfacing of access roads following completion of Phase II of the new building project and commencement of a project to refurbish the old Lodge area and to provide new teaching facilities and an archive room. As a result of the additional annual maintenance the deficit for the year has remained similar to that of 04/05, but operating income has increased in all areas as forecast. It is the intention of the Governing Body to bring the deficit into balance within 5 years (after allowing for a transfer to expenditure of 3% of the moving three year average of the general endowment).

**Return on Endowment and Investment performance**

The Investment Subcommittee manages the College's investment portfolio for total return and it should be noted that the actual endowment income receivable in any particular year as shown on the Income and Expenditure Account is only one component of the endowment return, and may fluctuate significantly from year to year. The benchmark for investment performance since 1 July 03 has been set at a long term real return of 4.5%. Investment performance is measured by calendar quarters and the total return on quoted endowment securities and cash (excluding endowment dedicated to the purposes of the Kobe Institute) was 2.3% in the year to 30 June compared with 7.5% for the benchmark. The Subcommittee's general direction from the Governing Body and its Finance Committee is to provide for a prudent and sustainable percentage of the expected long run return on endowment to fund the College's objectives while at the same time aiming for some growth in real endowment capital. The Subcommittee believes that its sustainable spending target should range between 3% and 4%.

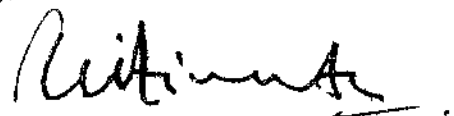
The high cash balances in the endowment at the prior year end reflected the fact that the investment portfolio was in the process of being restructured following a thorough review of existing arrangements for investment management. That restructuring is now complete and a great majority of the College's endowment has been invested in OXIP Limited Partnership, which is a Scottish Limited Partnership, investing on behalf of 5 Oxford Colleges, in a diversified portfolio which is designed to deliver the investment objectives stated above. The Investment manager of the Partnership is Oxford Investment Partners Limited in which the College has also acquired an equity stake.

**Reserves**

The balance on reserves at the year end amounted to £10,876,659. The Governing Body has accepted that the 'free' reserves of the College will be negative in the next few years as a result of the capital projects under way. The College is not projecting surpluses over the next five years because of the financing and depreciation charges associated with current and planned capital projects, but ideally the Governing Body considers that a general 'free' reserve of £3 million should be built up as circumstances permit, in order to allow for future investment, optimal financial management and to provide a buffer for uninterrupted services.

**Risk management**

The major risks to which the College is exposed, as identified by the Governing Body, have been reviewed and systems have been established to mitigate these risks.



**ST CATHERINE'S COLLEGE**  
**Consolidated Income and Expenditure Account**  
Year ended 31 July 2006

	Notes	2006 £	2005 £ As restated (see note 22)
<b>INCOME</b>			
Academic fees and tuition income	1	2,843,029	2,666,251
Research grants and contracts	2	129,922	161,775
Other operating income	3	3,613,338	3,435,868
Endowment return and interest receivable	4	618,070	465,954
<b>Total income</b>		<u>7,204,359</u>	<u>6,729,848</u>
<b>EXPENDITURE</b>			
Staff costs	5	3,716,008	3,607,220
Depreciation	9	823,461	798,897
Other operating expenses		3,021,525	2,601,176
Interest payable		274,367	320,565
Contribution under Statute XV		26,978	15,069
<b>Total expenditure</b>	7	<u>7,862,339</u>	<u>7,342,927</u>
(Deficit) for the year on continuing operations before taxation		(657,980)	(613,079)
<b>(Deficit) for the year after taxation</b>		<u>(657,980)</u>	<u>(613,079)</u>
Transfer from accumulated income within specific endowments	16	317,530	249,844
<b>(Deficit) for the year retained within general reserves</b>	8	<u>(340,450)</u>	<u>(363,235)</u>

The income and expenditure is in respect of continuing activities.

**Consolidated statement of total recognised gains and losses**  
Year ended 31 July 2006

	Notes	2006 £	2005 £ As restated (see note 22)
<b>Reserves</b>			
(Deficit) for the year		(340,450)	(363,235)
(Decrease) in designated/other reserves		(3,175)	0
<b>Endowments</b>			
Income receivable from endowment asset investments	16	178,500	410,175
Endowment return transferred to income and expenditure account	16	(496,029)	(660,019)
(Depreciation)/appreciation of endowment asset investments	16	(484,836)	3,856,619
New endowments received	16	1,390,538	376,367
<b>Other</b>			
Net additions to deferred capital	15	439,553	129,192
<b>Total recognised gains relating to the year</b>		<u>684,101</u>	<u>3,749,099</u>
Opening fund balances		52,454,256	48,705,157
<b>Closing fund balances</b>		<u>53,138,357</u>	<u>52,454,256</u>

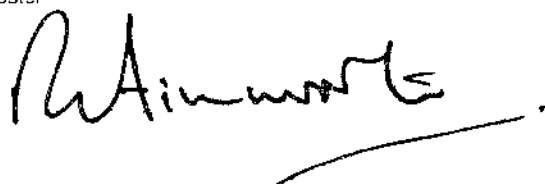
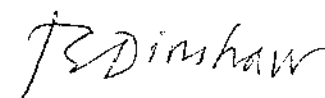
ST CATHERINE'S COLLEGE  
Balance Sheets  
As at 31 July 2006

	Notes	CONSOLIDATED		COLLEGE	
		2006 £	2005 £ As restated (see note 22)	2006 £	2005 £ As restated (see note 22)
<b>Fixed assets</b>					
Tangible assets	9	20,302,243	20,358,313	20,656,660	20,699,521
Investments	10	5	-	11	6
		<u>20,302,248</u>	<u>20,358,313</u>	<u>20,656,671</u>	<u>20,699,527</u>
<b>Endowment asset investments</b>					
Securities and cash deposits		37,889,980	37,604,298	37,889,980	37,604,298
Land and property		1,366,588	1,064,098	1,366,588	1,064,098
	11	<u>39,256,568</u>	<u>38,668,396</u>	<u>39,256,568</u>	<u>38,668,396</u>
<b>Current assets</b>					
Stocks		208,208	180,287	208,208	180,287
Debtors	12	703,435	621,921	904,311	1,128,574
		<u>911,643</u>	<u>802,208</u>	<u>1,112,519</u>	<u>1,308,861</u>
<b>Creditors:</b>					
Amounts falling due within one year	13	(2,632,102)	(2,474,661)	(2,832,980)	(2,982,167)
<b>Net current liabilities</b>		<u>(1,720,459)</u>	<u>(1,672,453)</u>	<u>(1,720,461)</u>	<u>(1,673,306)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>57,838,357</u>	<u>57,354,256</u>	<u>58,192,778</u>	<u>57,694,617</u>
<b>Creditors:</b>					
Amounts falling due after more than one year	14	(4,700,000)	(4,900,000)	(4,700,000)	(4,900,000)
<b>TOTAL NET ASSETS</b>		<u>53,138,357</u>	<u>52,454,256</u>	<u>53,492,778</u>	<u>52,794,617</u>
<b>Deferred capital</b>	15	3,005,833	2,566,280	3,005,834	2,566,280
<b>Endowments</b>					
Specific		10,337,613	9,176,019	10,337,613	9,176,019
General		28,918,955	29,492,377	28,918,955	29,492,377
	16	<u>39,256,568</u>	<u>38,668,396</u>	<u>39,256,568</u>	<u>38,668,396</u>
<b>Reserves</b>					
Designated reserves	17	892	4,067	892	4,067
General reserves	17	10,875,064	11,215,513	11,229,484	11,555,874
		<u>10,875,956</u>	<u>11,219,580</u>	<u>11,230,376</u>	<u>11,559,941</u>
<b>TOTAL FUNDS</b>		<u>53,138,357</u>	<u>52,454,256</u>	<u>53,492,778</u>	<u>52,794,617</u>

The financial statements were approved by the Governing Body of St Catherine's College on 1st November 2006

R W Ainsworth  
Master

F E Dinshaw  
Finance Bursar

ST CATHERINE'S COLLEGE  
Consolidated Cashflow Statement  
Year ended 31 July 2006

	Note	2006 £	2005 £ As restated (see note 22)
<b>(Outflow) from operating activities</b>	20	<u>(358,399)</u>	<u>(789,078)</u>
Returns on investments and servicing of finance			
Income from endowments received	16	178,500	410,175
Other income from investments and interest received	4	<u>439,570</u>	<u>55,779</u>
		618,070	465,954
Interest paid	7	(274,367)	(320,585)
Net cash inflow from returns on investments and servicing of finance		<u>343,703</u>	<u>145,389</u>
Capital expenditure and financial investment			
Payments to acquire fixed assets	9	(767,391)	(3,630,137)
Payments to acquire endowment asset investments	11	(45,445,339)	(3,203,988)
Receipts from sales of endowments assets	11	27,429,816	19,185,769
Endowments received	16	337,690	376,367
Deferred capital grants received	15	541,911	213,486
Net cash (outflow)/inflow from capital expenditure and financial investment		<u>(17,903,313)</u>	<u>12,941,497</u>
<b>Net cash (outflow)/inflow before use of liquid resources and financing</b>		<b>(17,918,009)</b>	<b>12,297,809</b>
Financing			
New loan	14	-	4,900,000
Repayment of loan		(200,000)	-
<b>(Decrease)/increase in cash</b>	21	<u>(18,118,009)</u>	<u>17,197,809</u>
<b>Reconciliation of net cash flow to movement in net (deficit)/funds</b>			
		2006 £	2005 £
Increase/(decrease) in cash for the year		(18,118,009)	17,197,809
Cash outflow/(inflow) from movement in debt financing		200,000	(4,900,000)
Change in net funds		(17,918,009)	12,297,809
Net funds at 1 August	21	17,480,546	5,182,737
<b>Net (deficit)/funds at 31 July</b>	21	<u>(437,464)</u>	<u>17,480,546</u>

**ST CATHERINE'S COLLEGE**  
**Notes to the Financial Statements**  
Year ended 31 July 2006

	2006	2005
	£	£
<b>1 ACADEMIC FEES AND TUITION INCOME</b>		
Tuition fees from UK and European Union students	1,743,483	1,558,097
Tuition fees from overseas students	319,190	382,891
Other fees	708,907	667,964
Other tuition income	71,449	59,299
	<u>2,843,029</u>	<u>2,668,251</u>
The above analysis includes fee income in respect of UK and European Union publicly funded students amounting to £1,550,594 (2005 - £1,440,092).		
<b>2 RESEARCH GRANTS AND CONTRACTS</b>		
Research councils	£ 31,046	£ 26,345
UK based charities	12,500	12,500
Other grants and contracts	86,376	122,930
	<u>129,922</u>	<u>161,775</u>
<b>3 OTHER OPERATING INCOME</b>		
Residential income from college members	£ 1,666,018	£ 1,675,269
Conference and function income	1,674,498	1,365,842
Grants and donations	1,178	1,250
Release of deferred capital contributions (note 15)	102,357	84,294
Other income	169,287	309,213
	<u>3,613,338</u>	<u>3,435,868</u>
<b>4 ENDOWMENT RETURN AND INTEREST RECEIVABLE</b>		
Transferred from specific endowments (note 16)	£ 178,987	£ 163,554
Transferred from general endowments (note 16)	(487)	246,621
Other interest receivable	439,570	55,779
	<u>618,070</u>	<u>465,954</u>
<b>5 STAFF</b>		
	£	£
		As restated (see note 22)
<b>Staff costs</b>		
Gross pay	3,234,920	3,173,738
Social Security costs	187,364	183,576
Other pension costs	291,485	247,125
Other benefits	2,239	2,781
	<u>3,716,008</u>	<u>3,607,220</u>
<b>Average staff numbers</b>		
	No.	No.
Academic	25	23
Administration	25	28
Domestic	70	72
	<u>120</u>	<u>123</u>

Staff numbers have been prepared on a full time equivalent basis.

ST CATHERINE'S COLLEGE  
Notes to the Financial Statements  
Year ended 31 July 2006

6 PENSION SCHEMES

The two principal pension schemes for the College's staff are the Universities Superannuation Scheme (USS) and the University of Oxford Staff Pension Scheme (OSPS). The schemes are contributory, are contracted out from the State Earnings Related Pension Scheme, and provide benefits based on length of service and final pensionable salary. The assets of USS and OSPS are each held in separate trustee-administered funds.

The schemes are periodically valued by qualified actuaries using the projected unit method, in addition both USS and OSPS valuation embrace a market value approach. The levels of contribution take account of any actuarial surpluses or deficiencies in each scheme. The assumptions and other data that have had the most significant effect on the latest actuarial valuation and the determination of the contribution levels are as follows:

	USS	OSPS
Date of latest actuarial valuation	2005	2004
Investment returns per annum: pre retirement	4.50%	6.95%
post retirement	6.20%	4.95%
Salary increases per annum	3.90%	4.40%
Pension increases per annum	2.90%	3.00%
Market value of assets at latest actuarial valuation	£21,740m	£167m
Proportion of accrued benefits covered by the actuarial value of these assets	77%	76%

The total of all employer's pension costs (including supplementation of pensions for ex-employees or their dependants) was £291k (2004 (as restated)- £247k).

Universities Superannuation Scheme (USS):

The contributions payable by the College during the accounting period were equal to 14% of total pensionable salaries. The pensions charge recorded by the College during the accounting period was equal to the contributions payable (£139k).

Oxford Staff Pension Scheme (OSPS):

The College paid contributions of 17.5% during the accounting period, as set out in the statutory schedule of contributions agreed with the actuary. The pensions charge recorded by the College during the accounting period was equal to the contributions payable (£153k).

Other schemes:

The College also has a small number of staff in other pension schemes such as the now closed Federated Superannuation System for Universities (FSSU), which was effectively replaced by USS in 1980. Employer contributions under these schemes were £1k in the accounting period.

FRS 17:

USS and OSPS are multi-employer schemes where the share of assets and liabilities applicable to each employer is not identified. The College will therefore account for its pension costs for each scheme on a defined contribution basis as permitted by FRS 17.

ST CATHERINE'S COLLEGE  
Notes to the Financial Statements  
Year ended 31 July 2006

7 ANALYSIS OF EXPENDITURE

				As restated (see note 22)	
	Staff costs	Depreciation	Other operating expenses	2006 Total	2005 Total
	£	£	£	£	£
Academic	1,287,342	-	300,110	1,587,452	1,686,506
Residences, catering and conferences	1,697,629	16,066	879,654	2,593,349	2,456,247
Premises	254,686	750,689	878,891	1,884,266	1,580,597
College administration	350,067	36,785	165,147	551,999	510,564
Endowment management	50,048	-	35,200	85,248	49,515
Fundraising	63,935	-	84,467	148,402	187,046
Other	12,301	19,921	678,056	710,278	536,818
	<u>3,716,008</u>	<u>823,461</u>	<u>3,021,525</u>	<u>7,560,994</u>	<u>7,007,293</u>
Interest payable				274,367	320,565
Contribution under Statute XV				26,978	15,069
<b>Total expenditure</b>				<u>7,862,339</u>	<u>7,342,927</u>
				£	£
Interest payable relates to -					
Bank loans, overdrafts and other loans:					
Repayable wholly or partly in more than 5 years				274,367	320,565
				<u>274,367</u>	<u>320,565</u>
Other operating expenses include auditors' remuneration: in respect of the audit of these financial statements				19,799	13,927

ST CATHERINE'S COLLEGE  
Notes to the Financial Statements  
Year ended 31 July 2006

8 DEFICIT FOR THE YEAR	2006	2005 As restated (see note 22)
	£	£
College's deficit for the year	(326,390)	(291,954)
Profit generated by the subsidiary undertakings	379,997	204,590
Consolidation adjustments	(394,056)	(275,871)
	<u>(340,449)</u>	<u>(363,235)</u>

9 TANGIBLE FIXED ASSETS  
CONSOLIDATED

	Freehold land & buildings £	Equipment £	Total £
<b>Cost</b>			
At start of year	22,235,093	1,490,049	23,725,142
Additions	713,827	53,564	767,391
	<u>22,948,920</u>	<u>1,543,613</u>	<u>24,492,533</u>
At end of year			
<b>Depreciation</b>			
At start of year	2,350,728	1,016,101	3,366,829
Charge for period	744,272	79,189	823,461
	<u>3,095,000</u>	<u>1,095,290</u>	<u>4,190,290</u>
At end of year			
<b>Net book value</b>			
At end of year	<u>19,853,920</u>	<u>448,323</u>	<u>20,302,243</u>
At start of year	<u>19,884,365</u>	<u>473,948</u>	<u>20,358,313</u>

COLLEGE

	Freehold land & buildings £	Equipment £	Total £
<b>Cost</b>			
At start of year	22,576,301	1,490,049	24,066,350
Additions	727,036	53,564	780,600
	<u>23,303,337</u>	<u>1,543,613</u>	<u>24,846,950</u>
At end of year			
<b>Depreciation</b>			
At start of year	2,350,728	1,016,101	3,366,829
Charge for period	744,272	79,189	823,461
	<u>3,095,000</u>	<u>1,095,290</u>	<u>4,190,290</u>
At end of year			
<b>Net book value</b>			
At end of year	<u>20,208,337</u>	<u>448,323</u>	<u>20,656,660</u>
At start of year	<u>20,225,573</u>	<u>473,948</u>	<u>20,699,521</u>

ST CATHERINE'S COLLEGE  
Notes to the Financial Statements  
Year ended 31 July 2006

10 FIXED ASSET INVESTMENTS  
CONSOLIDATED

	2006	2005
Cost and net book value	£	£
Shares in OXIP	5	-
	<u>5</u>	<u>0</u>
COLLEGE		
Cost and net book value	2006	2005
	£	£
Shares in subsidiary undertakings	6	6
Shares in OXIP	5	-
	<u>11</u>	<u>6</u>

The College owns 100% of the issued share capital of St Catherine's College Management Limited, a company incorporated in England and Wales. The principal business activity of St Catherine's College Management Limited is the provision of conference facilities for St Catherine's College. The College owns 100% of St Catherine's College Development Limited, a company incorporated in England and Wales. The principal business activity of St Catherine's College Development Limited is the provision of development and construction services to St Catherine's College. Oxford Investment Partners Limited ("OXIP") is a UK investment management company which manages funds for 5 Oxford Colleges and similar investors who share the colleges' investment objectives. The College is a founding shareholder of the Company and owned 23% of the equity in OXIP Ltd at 31 July 2006. The Finance Bursar of the College, Dr F E Dinshaw, is a non-executive director of the company.

11 ENDOWMENT ASSET INVESTMENTS  
CONSOLIDATED AND COLLEGE

	Securities & cash	Land & property	Total
	£	£	£
<b>At market value</b>			
At start of year	37,604,298	1,064,098	38,668,396
Purchases at cost	45,195,937	249,402	45,445,339
Sales proceeds	(27,429,816)	-	(27,429,816)
Decrease in cash held by fund manager	(16,942,515)	-	(16,942,515)
Revaluation (losses)/gains	(537,924)	53,088	(484,836)
At end of year	<u>37,889,980</u>	<u>1,366,588</u>	<u>39,256,568</u>
Analysed as			
Fixed interest stocks (listed)	0		
Equities (listed)	2,082,577		
Unlisted securities	30,308,948		
Cash	5,498,455		
	<u>37,889,980</u>		
Historical cost at end of year	<u>38,486,892</u>		

12 DEBTORS

	CONSOLIDATED		COLLEGE	
	2006	2005	2006	2005
	£	£	£	£
Amounts falling due within one year				
Trade debtors	414,397	449,091	172,091	388,831
Amounts owed by College members	-	7,501	-	7,501
Amounts owed by group undertakings	-	-	453,459	602,058
Loans	1,159	1,925	1,159	1,925
Prepayments and accrued income	226,970	81,280	216,693	46,135
Amounts falling due after more than one year				
Loans	57,924	72,918	57,924	72,918
Other debtors	2,985	9,206	2,985	9,206
	<u>703,435</u>	<u>621,921</u>	<u>904,311</u>	<u>1,128,574</u>

ST CATHERINE'S COLLEGE  
Notes to the Financial Statements  
Year ended 31 July 2006

13 CREDITORS: AMOUNT FALLING DUE WITHIN ONE YEAR

	CONSOLIDATED		COLLEGE	
	2006	2005	2006	2005
	£	£	£	£
Bank overdraft	1,235,919	60,424	1,347,568	426,474
Unsecured loans	218,049	1,187,246	218,049	1,187,246
Trade creditors	793,368	667,568	680,172	521,785
Other taxation and social security	119,982	104,429	123,140	104,429
Amounts owed to group undertakings	-	-	202,974	287,388
Amounts owed to College members	746	-	746	-
Accruals and deferred income	53,484	161,637	53,484	161,637
Other creditors	210,574	293,357	206,867	293,208
	<u>2,632,102</u>	<u>2,474,661</u>	<u>2,832,980</u>	<u>2,982,167</u>

14 CREDITORS: AMOUNT FALLING DUE AFTER MORE THAN ONE YEAR

	CONSOLIDATED		COLLEGE	
	2006	2005	2006	2005
	£	£	£	£
Bank loans	4,700,000	4,900,000	4,700,000	4,900,000
	<u>4,700,000</u>	<u>4,900,000</u>	<u>4,700,000</u>	<u>4,900,000</u>

The bank loan is repayable over 25 years and bears interest at a fixed rate of 5.795%

15 DEFERRED CAPITAL

CONSOLIDATED AND COLLEGE

	2006
	£
At start of year	2,566,280
New capital	541,911
Transferred to income & expenditure account	(102,358)
<b>At end of year</b>	<u>3,005,833</u>

The balance on deferred capital represents donations received to finance the purchase of tangible fixed assets. Amounts are released to the income and expenditure account over the lives of the related assets on the same basis as the charge for depreciation.

16 ENDOWMENTS

CONSOLIDATED AND COLLEGE

	Specific	General	Total
	£	£	£
At start of year	9,176,019	29,492,377	38,668,396
Endowments received	1,244,162	146,376	1,390,538
Appreciation/(depreciation) of endowment investments	234,962	(719,798)	(484,836)
Income receivable from endowment asset investments	178,987	(487)	178,500
Transferred to income and expenditure account (note 4)	(178,987)	487	(178,500)
Transfer to income and expenditure account from accumulated income	(317,530)	-	(317,530)
<b>At end of year</b>	<u>10,337,613</u>	<u>28,918,955</u>	<u>39,256,568</u>

Of the endowments received £337k relates to cash receipts and £1,053k relates to a forgiven loan in relation to the Oxford Energy Seminar.

**ST CATHERINE'S COLLEGE**  
**Notes to the Financial Statements**  
Year ended 31 July 2006

**16 ENDOWMENTS (CONTINUED)**  
**CONSOLIDATED AND COLLEGE**

Endowments comprise those funds which are regarded as for the long term and which fundamentally underpin and sustain the operation of the College at its desired level of activity.

Specific Endowments are those bequests and gifts where the use of the capital and income, or only the income, is for a specific purpose or activity so designated by the donor and which can only be used for that purpose or activity.

General Endowments represent the corporate capital of the College and include bequests and gifts where the use of the capital and income, or only the income is for the general purposes of the College. Part of these funds may have been designated for a particular purpose by the Governing Body.

Specific endowments (consolidated and College) include funds valued at £3,875k which provide income for purposes that lie outside the objects of the College. Income arising amounted to £30k.

**17 RESERVES**  
**CONSOLIDATED AND COLLEGE**

**DESIGNATED RESERVES**

	£
At start of year	4,067
Utilised in year	(3,175)
<b>At end of year</b>	<u>892</u>

Designated reserves are those reserves set aside by the College to be used for a special purpose, and which do not form part of College endowments. At 31 July 2006 they comprised:

	2006	2005
	£	£
Other designated reserves	892	4,067
	<u>892</u>	<u>4,067</u>

**GENERAL RESERVES**

	<b>CONSOLIDATED</b>	<b>COLLEGE</b>
	£	£
At start of year	11,215,513	11,555,874
Deficit from income and expenditure account	(340,449)	(326,390)
<b>At end of year</b>	<u>10,875,064</u>	<u>11,229,484</u>

	<b>CONSOLIDATED</b>		<b>COLLEGE</b>	
	2006	2005	2006	2005
	£	£	£	£
		As restated (see note 22)		As restated (see note 22)
Representing:				
Undepreciated cost of tangible fixed assets financed out of general reserve	18,559,423	17,792,033	18,913,841	18,133,241
College general reserve	(7,683,755)	(6,576,520)	(7,683,653)	(6,577,367)
	<u>10,875,668</u>	<u>11,215,513</u>	<u>11,230,188</u>	<u>11,555,874</u>

**18 CAPITAL COMMITMENTS**  
**CONSOLIDATED AND COLLEGE**

	2006	2005
	£	£
Capital commitments contracted at 31 July	<u>456,448</u>	<u>475,337</u>

**ST CATHERINE'S COLLEGE**  
**Notes to the Financial Statements**  
**Year ended 31 July 2006**

**19 RELATED PARTY TRANSACTIONS**

As at 31 July 2006 the following related party balances were outstanding:

Owed by Fellows in respect of batters £10k (2005 - £5k)  
 Owed by Fellows in respect of joint equity properties £609k (2005 - £336k)  
 Owed to Oxford University in respect of outstanding invoices £165k (2005 - £8k)

Material transactions with Oxford University during the year were as follows:

Tuition fees collected on behalf of the University £1,861k (2005 - £1,694k)

**20 RECONCILIATION OF CONSOLIDATED OPERATING DEFICIT TO NET CASH  
 OUTFLOW FROM OPERATING ACTIVITIES**

	2006 £	2005 £ As restated (see note 22)
Deficit for the year after taxation	(657,980)	(613,079)
Depreciation	623,461	798,897
Endowment income and interest receivable	(818,070)	(465,954)
Interest payable	274,367	320,565
Deferred capital grants released to income	(102,358)	(84,294)
Increase in stocks	(27,921)	(17,896)
(Increase)/Decrease in debtors	(80,768)	180,542
(Decrease) /increase in creditors	30,870	(907,859)
	<u>(358,399)</u>	<u>(789,076)</u>
Net cash outflow from operating activities		

**21 ANALYSIS OF CHANGES IN NET FUNDS**

	2005 £	Changes £	2006 £
Bank overdraft (note 13)	(50,424)	(1,175,495)	(1,235,919)
Endowment assets cash (note 11)	22,440,970	(16,942,514)	5,498,455
	<u>22,380,546</u>	<u>(18,118,009)</u>	<u>4,262,536</u>
Debt due after one year (note 14)	(4,900,000)	200,000	(4,700,000)
	<u>17,480,546</u>	<u>(17,918,009)</u>	<u>(437,464)</u>

**22 CHANGE OF ACCOUNTING POLICY**

The directors adopted FRS 17 "Retirement benefits" in full during the year. The comparative figures in the financial statements have been restated to reflect the adoption of this policy. The effects of the change in policy are summarised below:

**CONSOLIDATED INCOME AND EXPENDITURE ACCOUNT**

(Deficit) for the year as previously stated	(391,281)
Derecognition of pension charge	29,046
(Deficit) for the year as restated	<u>(363,235)</u>

**CONSOLIDATED BALANCE SHEET**

General reserves as previously stated	11,002,155
Derecognition of pension provision	213,358
General reserve as restated	<u>11,215,513</u>